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NSC BRIEFING

14 March 1957

PROBLEMS OF FRAGMENTATION OF INDONESIAN REPUBLIC

- I. Simbolon's defection from Djakarta government on 20 December 1956 triggered the developments which are now inexorably fragmenting the Indonesian Republic. Sukarno's countermeasures may slow down, but are unlikely to stop the process.
 - A. Indonesia, as now constituted, is the handiwork of 350 years of Dutch Colonialism.
 - B. This background of colonialism provides the major common denominators for all people of the area--anti-colonialist sentiment and admiration for Sukarno who led the fight for independence.
- II. Beyond this, however, recent events clearly indicate that there is a wide divergence of regional interests.
 - A. Chief among these has been the continuing antipathy against a highly centralized form of government dominated by Javanese.
 - B. The outer areas also deeply resent fact that disproportionate share of the earnings from their exports are diverted for use in Java.
 1. Sumatra, for instance, earns about 70% of all Indonesias foreign exchange, little of which is used for local development.
 - C. Inefficient government, poor transportation and lack of intelligentsia severely hamper the molding of 3,000 widely-scattered islands into a stable nation.

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D. In addition, the non-Javanese islands are the stronghold of the more anti-Communist Moslems who are also admirers of Hatta, a Sumatran.

1. These people, therefore, are also suspicious of any move to bring Communists into the central government.

III. Local autonomy moves appear to have gone too far to be retrieved by "concepts." Sukarno may be able to pull off a patched-up compromise in present crises, but settlement will be at a lower level of unity than it was before.

A. Some areas, notably East Indonesia, have strongly indicated an unwillingness to return to the status quo ante.

B. Central Sumatra which has been in revolt the longest seems to be holding its own economically, and local populace reportedly is enthusiastically supporting the Hussein regime.

1. Sumatrans, incidently, have cracked down hard on local Communists; jailing some, shooting others.

C. As local autonomy leaders consolidate position, only natural that they would be reluctant to surrender newly gained power.

IV. Autonomy, however, not all peaches and cream.

A. In order to keep economy going, each area must develop own channels of import-export trade which they not well equipped to do.

B. Have even fewer qualified administrators than central government.

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- C. Foreign firms, which are important to local economies, are reluctant to cooperate with rebellious regimes.
 - D. Autonomous areas completely dependent on outside sources for all military hardware.
 - E. As time passes they will undoubtedly be faced increasingly with problem of subversion instigated by both Sukarno and Communists.
 - 1. Sukarno will never give up striving for strong, unitary state and Communists can be expected support him.
 - V. Another problem, even if some sort of confederation can be worked out, is that of Java.
 - A. Unless outer areas contribute generously, which unlikely, Java will be in desperate straits.
 - 1. Sixty percent of its people are subsistence farmers and it is dependent on imports for sufficient food.
 - B. It would, therefore, be dependent on foreign assistance to get along.
 - C. In any event, circumstances would be ripe for Communists to move for a takeover, with or without Sukarno.
 - D. If they gain control of Java, they could be expected to make every effort to expand their influence over other islands with whatever aid Peiping and Moscow might be able to extend.